



## WORKING PAPER SERIES

### Management Attitudes Towards Unions in the Australian Automobile Industry: A Gap Between the Rhetoric and the Reality?

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# **Management Attitudes Towards Unions In The Australian Automobile Industry: A Gap Between The Rhetoric And The Reality?**

## **Abstract**

It has been argued that with a decentralised IR system, and unions absent from the workplace there will be a rise in employee commitment to the organisation and an increase in productivity. Other research indicates that union membership and employee participation programs that are administered jointly with unions are positively associated with job satisfaction and organisational commitment, improvements in product quality, and performance improvements.

To discover if a gap exists between the rhetoric and reality of managerial attitudes and practice research was undertaken in three Australian companies. The findings show that a pluralist collectivist view outweighs that of unitarist individualism.

## **Introduction**

The increase in international competition faced by many organisations has reportedly brought about changes in the way work is organised and how workers are used and managed within those organisations (Bamber and Lansbury, 1997; Blyton and Turnbull, 1992; Kitay 1997; Sisson, 1989; Storey and Bacon, 1993). Legge (1995) lists these changes as including the development of more flexible organisational structures, participative decision making, the conscious building of organisational cultures and the integration of Human Resource Management (HRM) policies with the wider organisation strategy.

The recent experience of this international competition in Australia has again brought to the fore a debate over collectivist versus individualist employment relations. The heart of the current debate is a return to the issue that was central in the tension between managers and unions in the latter decades of the nineteenth century; collectivism versus individualism. The economically debilitating and socially divisive strikes of the late nineteenth century sparked a search for a civilised solution to industrial conflict (Higgins 1922). A legal framework that pragmatically recognised the need for government regulation as well as the legitimate role of managers and unions was incorporated in the drafting of the constitution of the soon to be formed Commonwealth of Australia.

The Australian constitution gave governments the power to make laws for the prevention and settlement of industrial disputes extending beyond the boundaries of any one state. In 1904 this power was used to establish the Commonwealth Court of Conciliation and Arbitration. Since 1904 the balance between collectivism and individualism in Australia has been mediated by this centralised industrial relations system. In its various incarnations and by various names, at both state and federal level, the industrial tribunal system regulated conditions of employment and wages through industry wide decisions known as awards. By the late 1980s there were approximately 7,000 state and federal awards operating in Australia (Deery et al. 2001)

The HR Nicholls Society (1986) has argued that, amongst other things, the centralised conciliation and arbitration system in Australia has hampered procedural flexibility and prevented managers from resolving workplace disputes at a shopfloor level through direct negotiation with employees. The BCA (1989) and others have argued that to achieve workplace flexibility managers should be free to negotiate directly with employees without the interference of an “outsider” third party. With unions absent from the workplace, it is argued, there will be a rise in employee commitment to the organisation with an attendant increase in productivity. The proposal seems simple; efficiency, effectiveness and workplace flexibility relies on abandoning collective negotiation and embracing individualism. There is no role for the trade unions in this world view.

Support for this point of view can be found in the Australian Workplace Industrial Relations Survey (AWIRS) data which points to a preference among managers (88%) for dealing with employees directly rather than through a union. AWIRS 1995 also includes a series of questions about management attitudes to workplace relations. When managers were asked to rate management-employee relations, overwhelmingly they were rated as either good or very good. In response to the question “The award system worked well in the past for this workplace”, 41% of managers either disagreed or were ambivalent. The larger the workplace, the more likely it was that the response was negative. Sixty-nine per cent of managers agreed that enterprise agreements were important in achieving the organisation’s goals (Morehead et al., 1997).

There are alternative views, however, that point to a richer, perhaps more sophisticated, relationship between managers and unions. Drago et al. (1988) indicate that union membership is positively associated with job satisfaction and organisational commitment. Cooke (1992) reports improvements in product quality associated with employee participation

programs that are jointly administered by management and unions. Deery, Erwin and Iverson (1994) also report in their research that organisational performance improvements are closely correlated with employee perceptions of a fair workplace where management and unions enjoy a relationship of cooperation and mutual trust.

Contrary to the advocates of individualism, managers, while reputedly expressing a preference for direct negotiation with employees, are also reported to enjoy a positive, even productive, relationship with unions. These arguments suggest that managers' attitudes towards unions are inconsistent and contradictory. One possible explanation for this apparent inconsistency and contradiction is that there is a gap between managers' reported attitudes to unions and the reality of their day-to-day experience. In order to discover if such a gap exists between attitudes and practice the research project reported in this paper was undertaken among managers in three Australian companies.

The organisational change activity of introducing teams into the manufacturing areas of these organisations was the thematically connecting common factor amongst them. Each company is part of the automobile industry in Australia as either a component suppliers or vehicle manufacturer. The research findings derived from structured interviews, focus groups and questionnaire techniques in three large companies give a more nuanced insight to the apparent dissonance between the rhetoric and the reality of workplace relations in the context of introducing teams to the organisation.

### **Method**

The research method used includes structured interviews, focus groups and a Conjoint Analysis survey questionnaire. The interviews and focus groups were audio taped for later transcription and analysis. The purpose of using two parallel research techniques was to gain both quantitative (survey) and qualitative (interview) data with the view to ensuring a comprehensive understanding of attitudes expressed by the research participants. This approach using multiple techniques simultaneously is often referred to as "triangulation".

### **Conjoint Questionnaire**

The Conjoint Analysis survey questionnaire was developed by review of the relevant literature, a pilot study and expert peer review. In essence, the Conjoint Analysis technique uses "analysis of variance" to give an indication if the respondent's rank-ordered preference for a set of "attributes" ascribed to a good, service or activity. Each attribute is presented to the respondent as being possible to exist at a variety of levels. For example, an attribute of a good may be quality, and the quality may be high, medium or low. A matrix of possible combinations of the factors and levels is generated by the statistical software package (SPSS) and an indicative set of combinations is used to produce the hypothetical descriptions that make up the questionnaire.

In this research project the good, service or activity was team-based work. The attributes ascribed to team-based work were a combination of performance indicators and "process issues". These factors were:

Teams  
Productivity  
Quality  
Flexibility  
Problem Solving, and  
Unions.

The factors could "exist" at a number of levels, in the case of Productivity, Quality, Flexibility and Problem Solving the levels were "High, Medium and Low". In the case of Teams the levels were "Not at All, In Name Only, Process Control and Fully Autonomous".

FACTOR (Attribute)	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
UNIONS	Not present	Present but weak	Active but negative	Active but positive
TEAMS	Not present	In name only	Process control	Fully autonomous
PRODUCTIVITY	High	Medium	Low	
QUALITY	High	Medium	Low	
FLEXIBILITY	High	Medium	Low	
PROBLEM SOLVING	High	Medium	Low	

Table 1: List of Factors and Levels

The questionnaire respondent is asked to give a score out of ten for each of the company descriptions presented to them, each description was said to be a hypothetical company that the respondent was observing. This technique requires the respondent to make a trade off between factors that are important or attractive to them. The principle is that if the respondents were asked to give each attribute or factor an individual score out of ten there may be a tendency to rank each factor as being highly important. However, by presenting the factors as a description of a hypothetical company and asking for a score for the hypothetical company as a whole the respondent "trades off" the parts of the description they see as "good" against those they see as "bad". Analysis of the response patterns (trade-offs) indicates how important each factor is to the respondent.

ATTRIBUTE	LEVEL	YOUR SCORE
UNIONS	Present but weak	
TEAMS	Process control	
PRODUCTIVITY	High	
QUALITY	Medium	
FLEXIBILITY	Medium	
PROBLEM SOLVING	High	

Table 2: Sample Question Showing the List of Factors and Levels

The survey questionnaire also included a sequence of questions designed to place the respondent in some context within the organisation. This sequence included questions about the respondent's level within the company (senior, middle or line management), age, amount of time employed with the company and training relevant to team work.

### Focus Group Interviews

Focus group interviews were conducted with senior, middle and line level managers in all organisations and were structured around a standard set of questions. The interview questions asked were derived from a series of questions developed by review of the relevant literature, a pilot study and expert peer review. During the course of each interview and focus group sessions supplementary questions were asked as appropriate to solicit from the participants elaborations on answers given or themes raised. The audiotapes of the interviews and focus groups were transcribed for later analysis; this process also gave the researcher more time to explore the emerging themes of the interviews and focus groups without the distraction of note taking.

A *frequency of occurrence of key phrases* technique was used in the analysis of the transcriptions to establish a tabular matrix of responses to the questions and their frequency. A composite view of the attitudes of managers towards teams can be developed by combining together the tabular matrix of responses and the qualitative analysis of the conversational context and "voice" in which the response was given. This is then compared with the quantitative data gathered from the survey questionnaire.

The results are shown for all interviews and are not disaggregated to show results for individual organisations or interviews. Key phrases were identified in the transcript and recorded on the basis of a coding table (see table below). The coding table was developed by paraphrasing recurring yet differently worded statements so that a frequency of occurrence can be established. For example, a respondent may say "teams have lead to more flexibility in the allocation of tasks", another may say "it is easier for workers to move between tasks now that we have teams" and another respondent may say "the machine operators can now do more within their work group than just operate their machine", all of these statements can be coded as "procedural flexibility has improved 002" and thus, in this example, show a frequency of three.

Key Phrase	Code	Frequency
Quality of decision making has improved	001	24
Procedural flexibility has improved	002	16
Teams allocate task roles	003	8
Teams were developed with union participation	004	16
Teams could be more autonomous	005	10
Production demands ultimately set the pace of work for teams	006	16
Supervisors need more training in working with teams	007	10
Senior managers need more training in working with teams	008	10
Some teams are task focussed	009	9
Some teams set their own performance targets	010	12
Some teams are focussed on group dynamics	011	8
Lean Manufacturing	012	4
Teams are part of the organisation's long term survival	013	16
Traditional demarcation issues were a threat to the organisation's survival	014	8
Unions realised that declining industry size equals declining member numbers	015	6
Unions have worked closely with management to develop teams	016	12
Unions have accepted teams	017	16
Unions support teams	018	10
Unions have their own agenda that happens to coincide with management's agenda on teams	019	6
Unions, workers and managers have different agendas	020	10
Unions have facilitated communication about teams	021	14
Management has experienced a change of culture with the change to teams	022	7
Us and Them (mgt vs. employees) is now Us (mgt and employees) and Them (competition)	023	5
Us and Them (mgt vs. employees) is now Us (mgt and employees) and Them (overseas parent company)	024	1
Teams have changed the grievance resolution process	025	3
Unions are part of a system of checks and balances on management (speed camera analogy)	026	9
"Yes" to the question "would you have teams again if starting from a clean sheet of paper?"	027	16
"No" to the question "would you have teams again if starting from a clean sheet of paper?"	028	0
Unions try to interfere with the way we work	029	1
The unions did not like the move to teams	030	1
Unions did not facilitate the introduction of teams	031	1
Teams have made unions less important in this organisation	032	1
If we are doing our job right as managers the employees do not need to take their problems to the unions	033	3
Management and employees share the same goals	034	6

Table 3: *Frequency of occurrence of key phrases*

## Results

### Conjoint Questionnaire

Figure 1 shows the relative weighting for each of the factors expressed by all of the managers at all levels of the organisations surveyed.

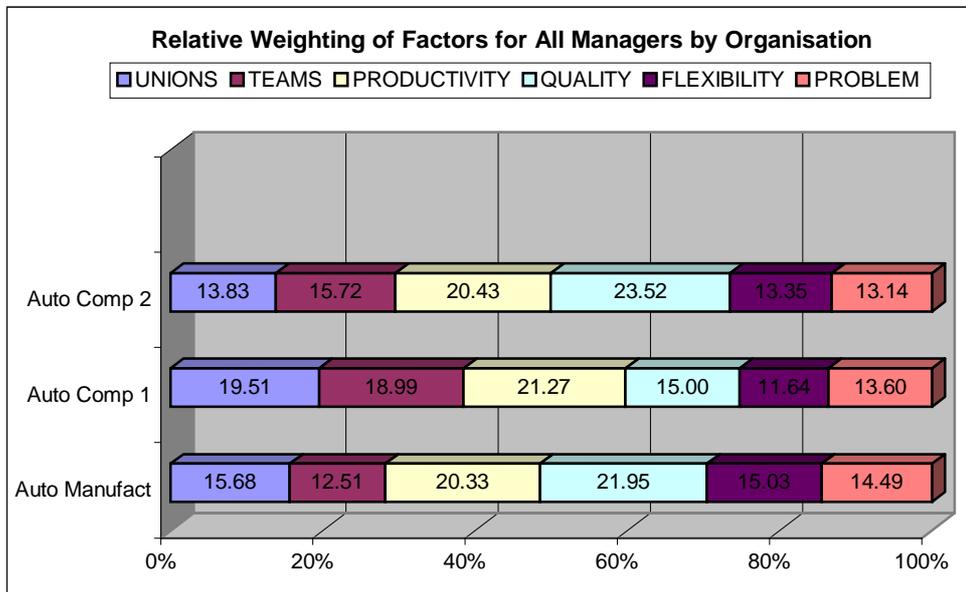


Figure 1. Relative Weighting of Factors by Organisation

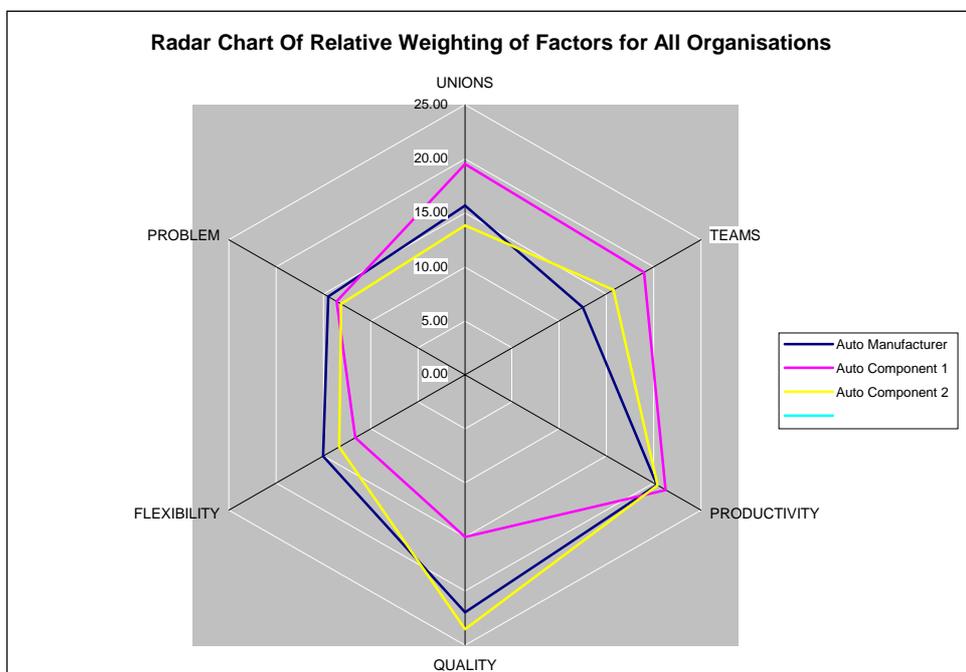


Figure 2. Summary Chart of the Relative Weighting of All Factors for All Organisations

The nature of the survey questionnaire forces respondents to make trade off decisions about the relative importance of each of the factors. Predictably, the two most important factors are productivity and quality. These two factors are perhaps the most measurable in quantitative terms and also the most likely to be linked to performance appraisal. However, in each of the organisations unions were seen by managers to be important. The unions were seen as more important than flexibility and problem solving ability in all organisations, and in one organisation unions were also seen as more important than quality.

An emphasis on the importance of unions could have a number of explanations. If viewed from the perspective of supporters of individualism the importance of unions could be seen to reflect the negative impact of unions on the organisation’s ability to achieve flexibility, productivity targets and quality standards. The union would understandably loom large in the thinking of managers. However, the survey questionnaire presented the factor “unions” as possibly existing at four levels;

- Not At All (i.e. the union is not present in the workplace and management negotiates directly with individual employees),
- Present but Weak (i.e. the union is present in the workplace but it has little influence over workplace issues and few members),
- Active but Negative (i.e. the union is present in the workplace, has significant influence over workplace issues, has many members, is uncooperative, and restricts legitimate management activity)
- Active but Positive (i.e. the union is present in the workplace, has significant influence over workplace issues, has many members and works cooperatively to facilitate legitimate management activity).

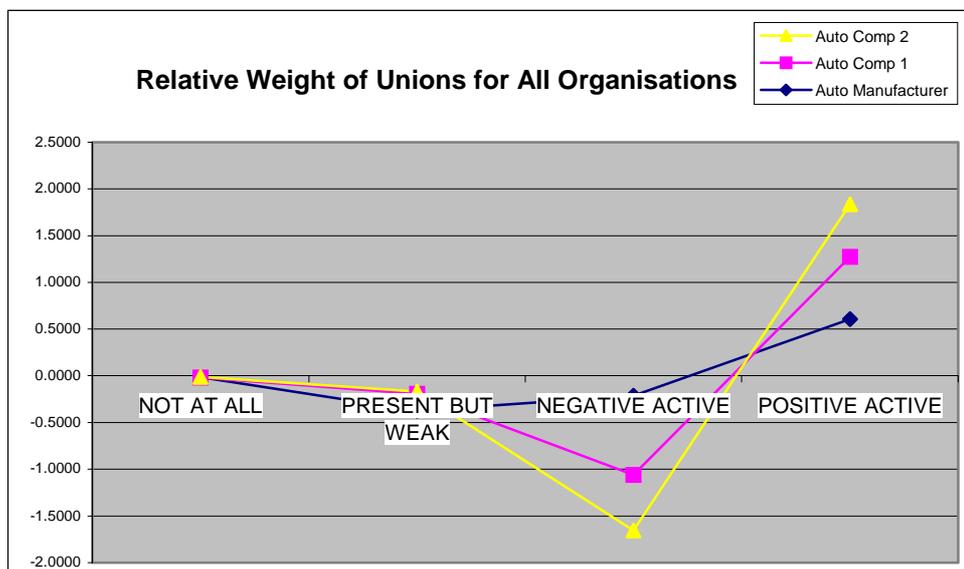


Figure 3. Relative Attractiveness of Unions

The results in Figure 3 show a positive attraction for Positive Active Unions and a negative attraction for Negative Active Unions, as well as a slightly negative attraction to Present but Weak Unions. These results point to a strong preference amongst managers to have an active and positive union presence in the organisation, stronger in fact than their preference for no union. In metric terms, the positive attraction for active and positive union presence is greater than the negative attraction (aversion) for active and negative union presence.

### **Focus Group Interview**

The focus group interviews yielded more indications of a rich and sophisticated relationship between unions and managers. The pluralist sentiments expressed by many managers are seen in such statements as “Unions have their own agenda that happens to coincide with management’s agenda on teams” (frequency of 6), and “Unions, workers and managers have different agendas” (frequency of 10). The views of Drago et al. (1988), Cooke (1992) and Deery, Iverson and Erwin (1994) cited above closely align with statements such as “Teams were developed with union participation” (frequency of 16), “Unions have worked closely with management to develop teams” (frequency of 12), “Unions have accepted teams” (frequency of 16), and “Unions support teams” (frequency of 10). Some managers also indicated that unions played an important role in disseminating and articulating agreed courses of action. This view extended to the idea that unions represent a vital, and formal, conduit for communication within the organisation. Unions added value to the communication process, disseminating and interpreting messages about organisational goals. This view is expressed in statements such as “Unions have facilitated communication about teams” (frequency of 14).

### **Discussion**

The results depicted in Figure 3 (above) show a positive attraction for Positive Active Unions and a negative attraction for Negative Active Unions, as well as a slightly negative attraction to Present but Weak Unions. These results point to a strong preference amongst managers to have an active and positive union presence in the organisation, stronger in fact than their preference for no union. The positive attraction for active and positive union presence is greater than the negative attraction (aversion) for active and negative union presence.

A richer view of these survey findings is provided by the interview responses and the analysis of frequency of key phrases. There is a strong theme amongst managers’ responses that the introduction of teams has been a “joint project” between themselves and the unions. This suggests a partnership relationship rather than an oppositional one. This does not, however, indicate that managers and unions have somehow coalesced into a single integrated entity, the view that unions have a “different agenda” to that of management, and that the union agenda “coincides” with that of management with respect to teams is prevalent.

The relative power of the unions in the workplace to act as a countervailing force, or opposition, to the governance of the organisation by management is recognised by managers. The view that unions are part of a system of “checks and balances” is widely held by managers. One senior manager at Auto Component Supplier 1 put it as being analogous to a speed camera:

“The unions are always going to be part of the picture, they look out for the interests of their members and so they should. We’re a member of an industry group and we look to that group for help and support when we need it, so why shouldn’t the guys in the factory do the same. The unions are a bit like a speed camera on the highway; you don’t know where they are or when they’re there so you keep to the speed limit. It’s the same with the union they keep us from getting carried away with ourselves.

A lack of procedural flexibility born of rigid demarcation between roles within the organisation was seen by managers as a long term threat to the survival of the organisation. The introduction of teams was seen as symbolic of the remedy for this problem and the view was expressed that procedural flexibility has improved since the introduction of teams. This view was linked to the idea that unions recognised that their long term survival was linked to the long term viability of the organisation. Mutual self interest seems to be the motivator behind the collaborative relationship in the change process to adopting teams.

Managers seem quite prepared to utilise the unions within the organisation as a conduit for communications. Specifically, managers recognise that the unions have facilitated communications about teams amongst the broader workforce. Each of the three organisations in this study only introduced teams after an extensive period of discussion with union representatives, with Automobile Manufacturer also taking a delegation of union representatives on an international tour of overseas manufacturing plants within their corporate structure that had already moved to introduce teams. These actions suggest recognition on the part of management of the need to win the support of the unions when introducing a change in work practices. The fact that a non-confrontational negotiated approach was adopted in this process is significant as it suggests recognition of the veto the unions may exercise on management initiatives they disapprove of. Also implicit in this approach is a longer term view of the change process, to force changed work practices on unwilling or resistant workers will most likely lead to the failure of the changes. It seems far more efficient and effective to introduce change by appealing to mutual self interest and emphasise a confluence of longer term benefit.

The view that managers would prefer to negotiate directly with employees without the interference of trade unions is not supported by these research findings. Neither does the research support the view that procedural flexibility, productivity improvements and quality improvements can only be achieved through a workplace relationship between managers and employees that excludes union participation.

The indications from this research are that managers hold a sophisticated view of the role of unions within the workplace relationship. The recognition by managers of the importance of maintaining a balance of power within the organisation echoes the findings of Deery, Iverson and Erwin (1994) who report in their research that organisational performance improvements are closely linked with employee perceptions of a fair workplace where management and unions enjoy a relationship of cooperation and mutual trust. Contrary to the view that unions stifle communication between management and employees, these findings suggest that managers utilise the unions as a disseminator of information and the conduit through which employees express their views to management.

The findings of the research reported here suggest scope for further study in a larger number of organisations. The relationship between managers and unions suggests that a pluralist environment exists within some Australian organisations. This pluralist attitude is seemingly at odds with the sentiments reported in large surveys. However, the techniques reported in this paper have, perhaps, been able to penetrate deeper into the organisation and reveal underlying themes and relationships not discernable with other approaches.

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